

Mandalay Resources Corp.

13:45 17 Mar 2020

Mandalay Resources restructures its debt with HSBC and Macquarie; unveils new US\$65M facility

Mandalay Resources Corp (TSE:MND) (OTCMKTS:MNDJF) told investors it has restructured its debt with HSBC and Macquarie Bank as it unveiled a new US\$65 million credit facility.

The miner announced a new senior secured revolving credit facility for up to US\$25 million and a senior secured facility of up to US\$40 million (the syndicated facility). The latter will amend and restate Mandalay's existing bilateral US\$40 million revolving credit facility with HSBC, which was scheduled to mature on July 24 this year.

The initial drawdown on the syndicated facility will repay the existing facility in full and fund the repurchase or redemption of outstanding senior exchangeable gold bonds issued by Gold Exchangeable Ltd and for working capital.

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"We are extremely pleased to have accomplished a key strategic initiative of the company and restructured our debt with both HSBC and Macquarie," said Dominic Duffy, Mandalay's president and CEO in a statement.

"Both lenders have been incredibly supportive in the process; underscoring the confidence in both of our producing assets and will undoubtedly contribute to the long-term success of the company."

The company operates mines in Sweden (Björkdal) and Australia (Costerfield) and produces gold, silver and antimony.

The syndicated facility will be reduced by US\$3 million each quarter starting on September 30 this year until December 31 this year, and thereafter repaid in eight equal quarterly instalments of US\$3.78 million starting on March 31, 2021.

The final payment of around US\$28.78 million will be due on the maturity date of March 16, 2023.

Alongside the syndicated facility, Mandalay has struck two separate hedging programs with HSBC and Macquarie for a total of 150,000 ounces of saleable gold over three years beginning monthly in July 2020, or 50,000 ounces of saleable gold a year.

This consists of a zero-cost collar hedge for 75,000 ounces of saleable gold with a floor price of US\$1,550 per ounce and a ceiling of US\$1,617 per ounce and an Australian dollar gold forward contract for the remaining 75,000 ounces of saleable gold at A\$2,390 per ounce.

Mandalay said it has also struck a bond purchase agreement with the holder of a significant portion of outstanding Gold Bonds, in which Mandalay will buy the bonds for cancellation.

Price: 1.55

Market Cap: \$141.34 m

1 Year Share Price Graph



October 2019 April 2020 October 2020

Share Information

Code: MND

Listing: TSX

52 week High Low
2.12 0.46

Sector: Gold & silver

Website: www.mandalayresources.com

Company Synopsis:

Mandalay Resources creates exceptional shareholder value through the acquisition of undervalued assets that can rapidly become cash generative, self fund exploration, establish and maintain high operating margins and return cash to shareholders within a planned period of time.

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Following the completion of this transaction, Mandalay intends to exercise its rights to cause Gold Exchangeable Limited to redeem all of the remaining bonds at a price equal to the principal amount of the bonds plus accrued and unpaid interest.

Holders of the gold bonds will continue to have the right to exchange them for shares in the SPDR Gold Trust.

Mandalay shares added 12.5% in Toronto early deals to stand at C\$0.63.

---Updates for share price---

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